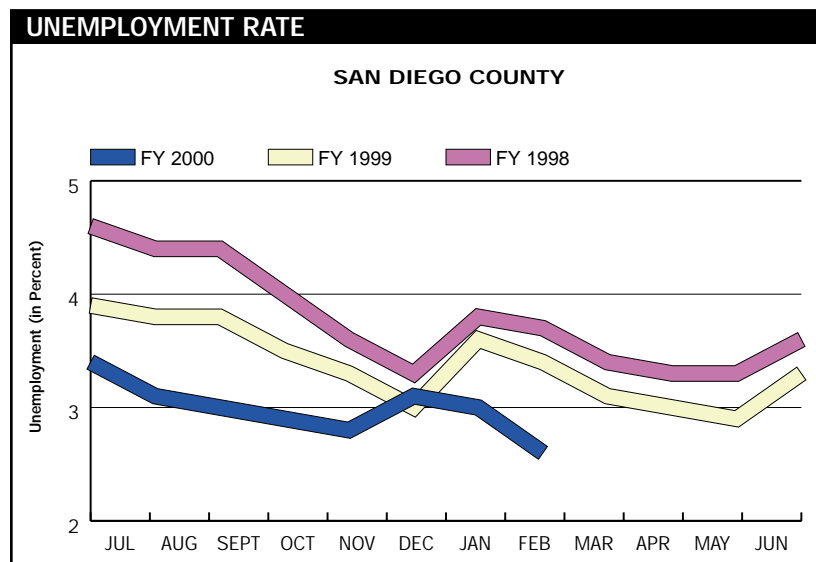


Economic Indicators

Growth in the City's General Fund revenues depends primarily on the state of the economy. When the economy is expanding, revenues are up, and when the economy slows, revenues react accordingly. Given this relationship, key economic indicators, such as unemployment rates, job growth, housing starts and hotel occupancy rates are helpful in assessing why revenues are either up or down, and how they might be trending in the future. Although the City's revenues are most directly impacted by the local economy, trends in California and the nation are also important, since certain revenues, such as Transient Occupancy Taxes and Motor Vehicle License Fees are affected by developments in the state and national economies.

As indicated in the following charts, the San Diego economy continued to show signs of sustained growth in most major categories into Fiscal Year 2000.

Labor Market Trends

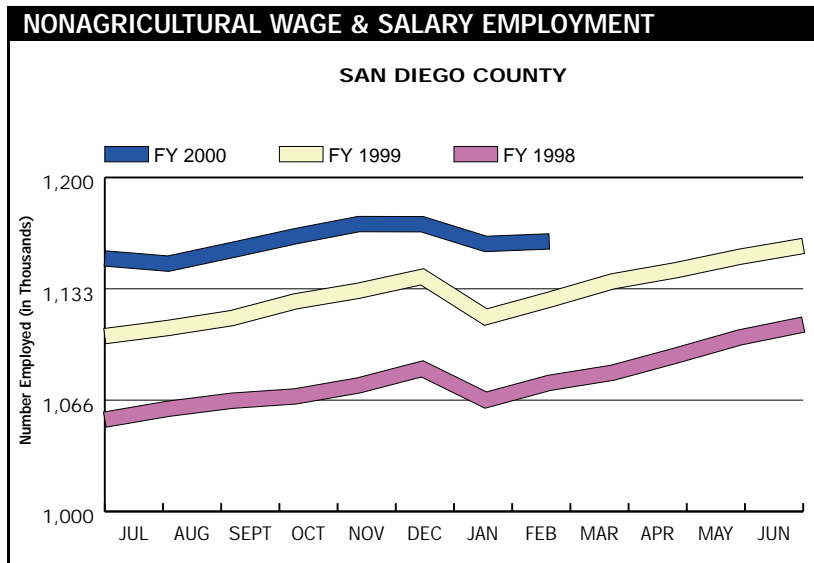


The unemployment rate is a critical indicator of relative strength in the local economy. San Diego's unemployment rate averaged 3.0% during the first eight months of Fiscal Year 2000, down from 3.5% during the same period in Fiscal Year 1999. San Diego's unemployment rate has been below 4.0% since November 1997 and below the traditional "full-employment rate" of 6.0% since February 1996. Current rates are the lowest in more than three decades.

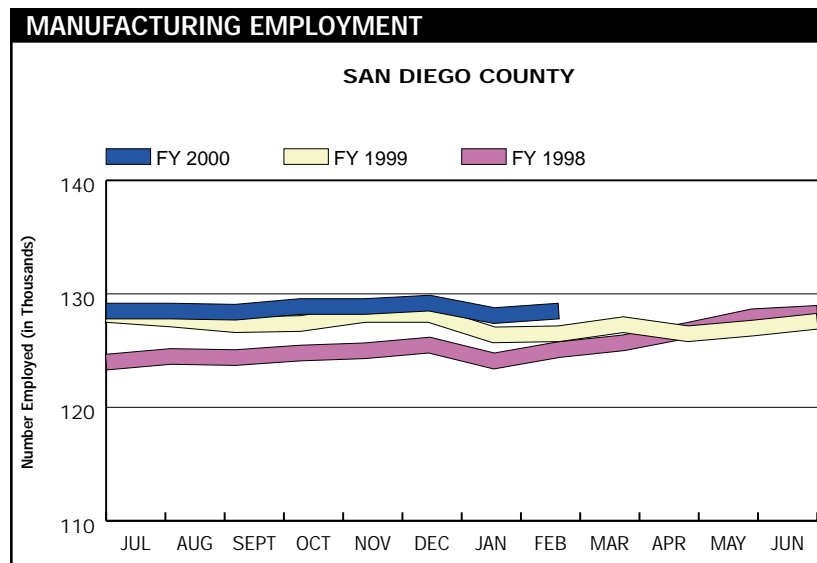
Proposed Budget Executive Summary

Economic Indicators

Total nonagricultural wage and salary employment continued to record sustained growth into Fiscal Year 2000, averaging 1,160,900 jobs through February 2000, an increase of 39,300 jobs over the same period in Fiscal Year 1999.

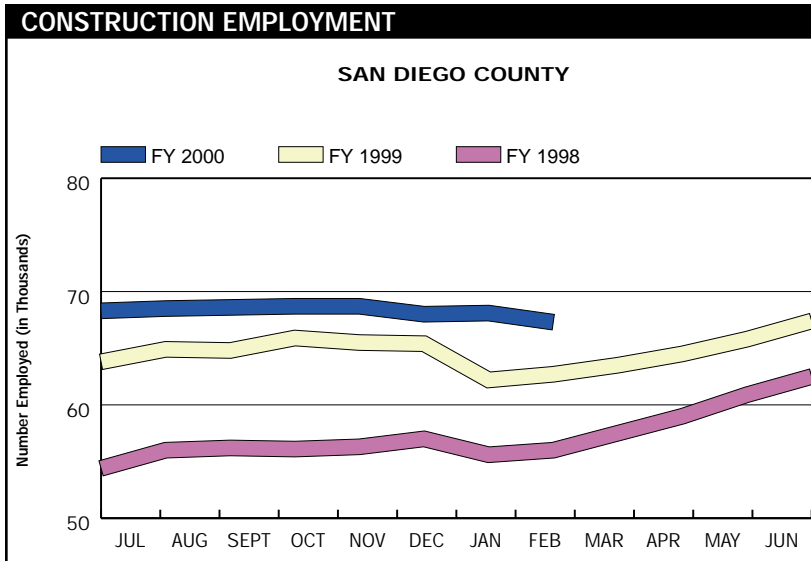


Manufacturing is the largest component of San Diego's economic base (approximately one-fourth of Gross Regional Product) and a catalyst for growth in other sectors of the economy. The manufacturing sector continued to expand during the first eight months of Fiscal Year 2000, with average manufacturing employment up by 1,100 jobs over the same period in Fiscal Year 1999.

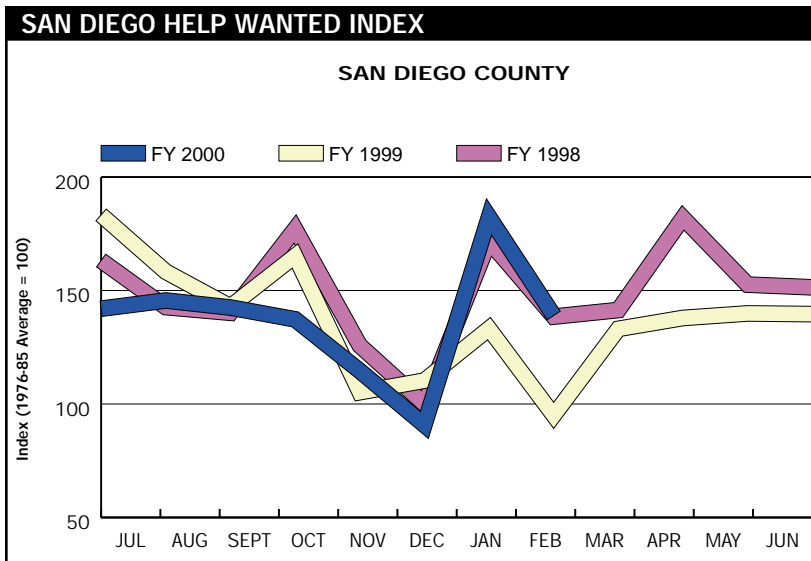


Proposed Budget Executive Summary

Economic Indicators



Construction, like manufacturing, is a major source of high wage employment that supports other sectors of the economy. Consistent with the high level of building activity in recent years, construction employment averaged 68,300 during the first eight months of Fiscal Year 2000, up by 3,900 jobs from the same period in Fiscal Year 1999.



The Help Wanted Index is an indicator of the hiring plans of local employers. After trending lower during Fiscal Year 1999, the Help Wanted Index continued to show declines during the first six months of Fiscal Year 2000, before registering sharp increases in the first two months of calendar year 2000. Through the first six months of Fiscal Year 2000, the Index is up 0.3 percent.

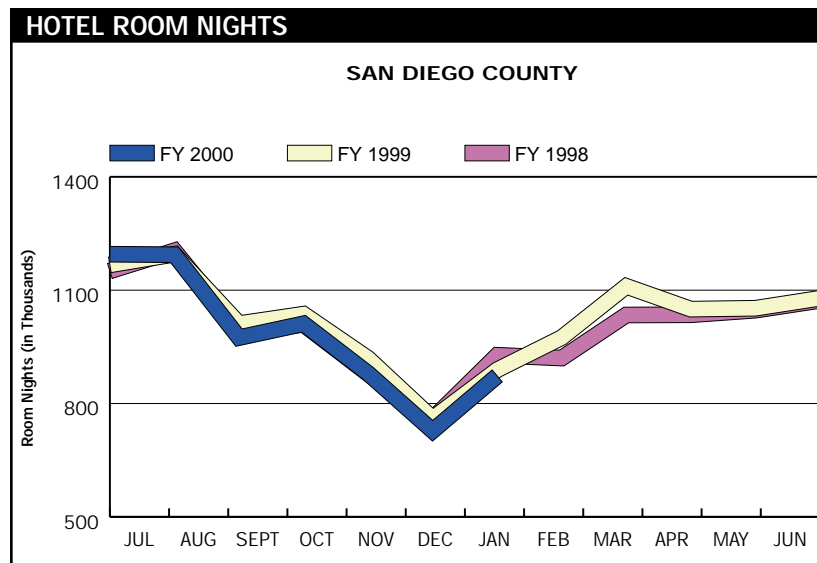
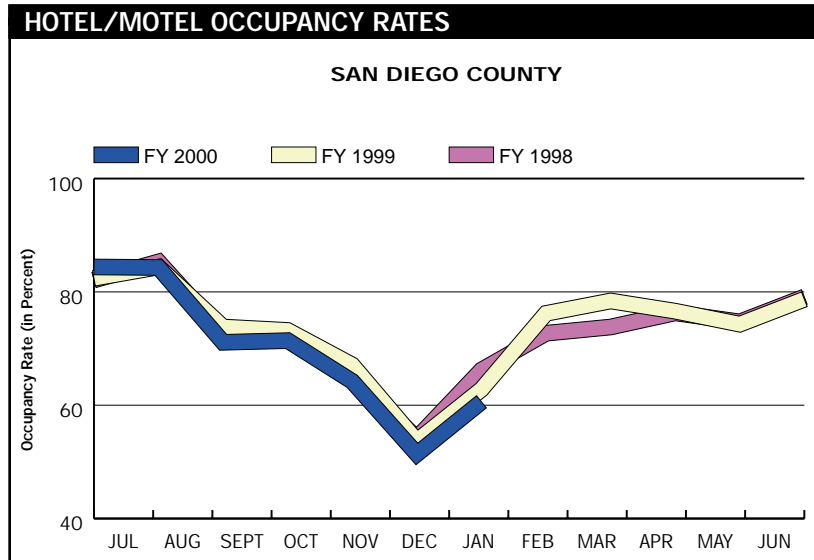
Proposed Budget Executive Summary

Economic Indicators

Tourism

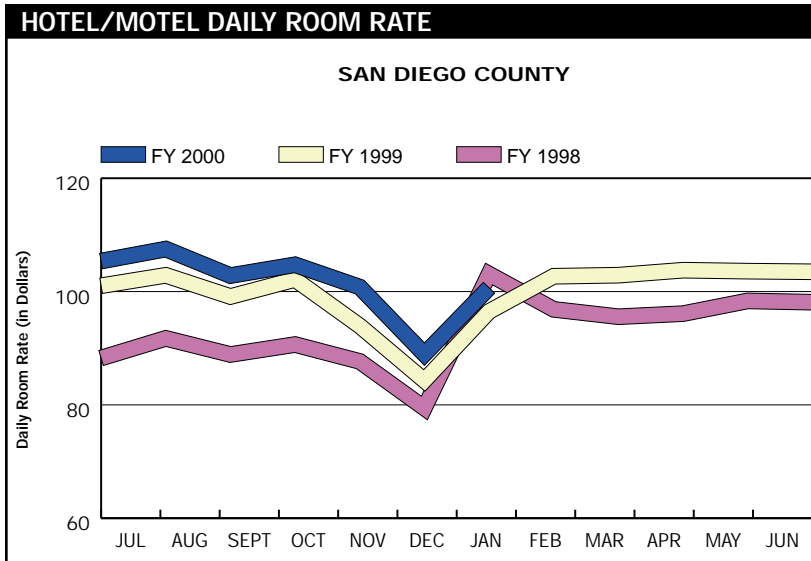
The trend in average occupancy rates at San Diego hotels and motels, along with total room nights and average daily room rates, is an indicator of potential growth in Transient Occupancy Tax (TOT) revenues. Due to the combination of a decline in total room nights and an increase in room inventory, occupancy rates were down 2.0% through the first seven months of Fiscal Year 2000.

Monthly room nights, a direct indicator of the demand for hotel rooms, declined during the first seven months of Fiscal Year 2000, with the year-to-date total down 1.8% compared with the same period in Fiscal Year 1999.

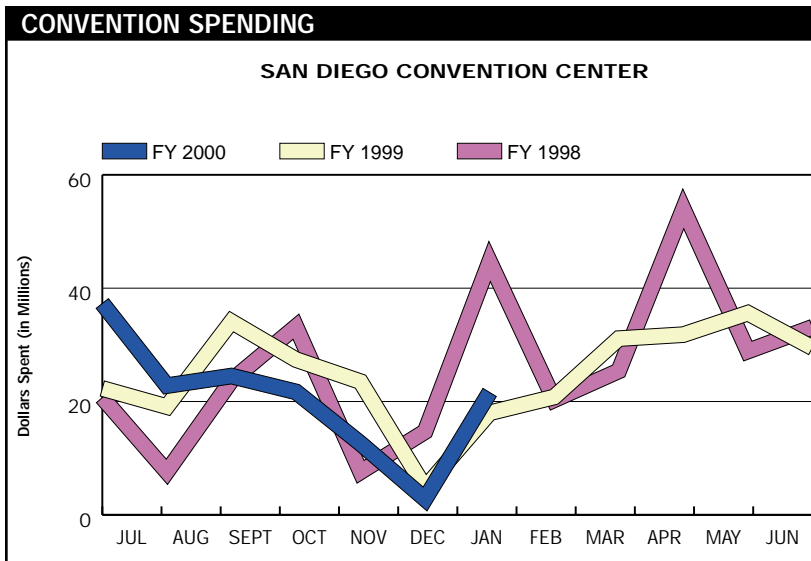


Proposed Budget Executive Summary

Economic Indicators



The average daily room rate, combined with the average occupancy rate and total room nights, is one of the factors determining total room sales and resulting Transient Occupancy Tax revenues. Average daily room rates continued to register growth into Fiscal Year 2000, with rates up 4.6% over the same period in Fiscal Year 1999.



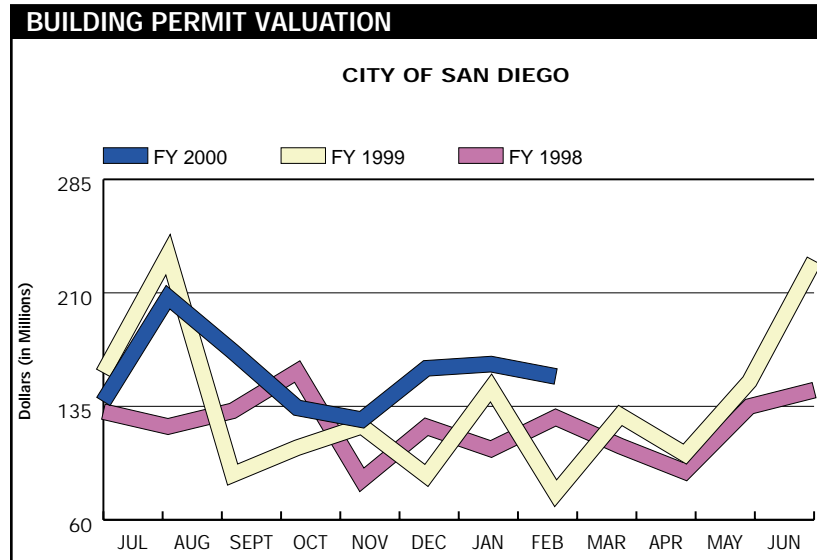
The hosting of conventions is a key factor in the long term growth of San Diego's tourism industry. Following Fiscal Year 1998's record performance, convention spending was somewhat mixed during Fiscal Year 1999, with expenditures for the year down 5.1% from the prior year. Through the first seven months of Fiscal Year 2000, convention spending was down 4.0% from the same period in Fiscal Year 1999. Delays in completing the Convention Center expansion due to litigation, which caused cancellations in previous bookings, was a major contributor to the year-to-year decline.

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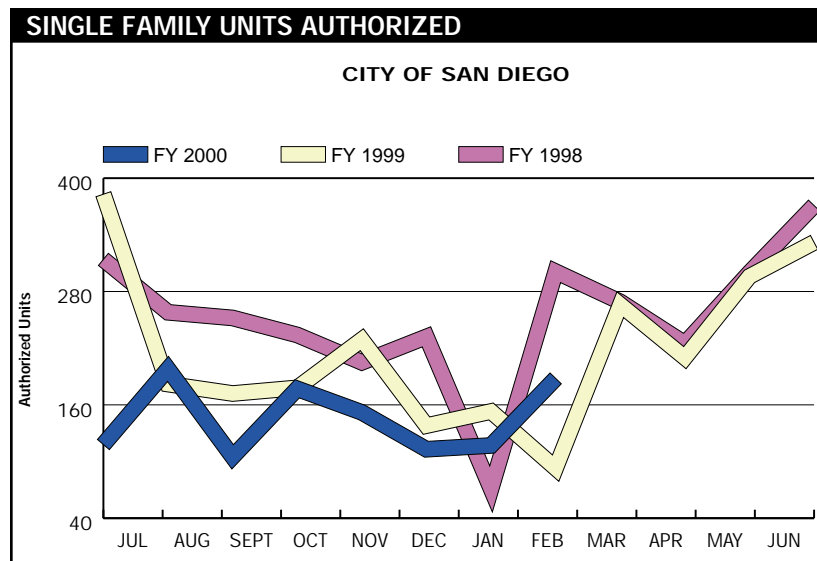
Economic Indicators

Construction Trends

Total permit valuation is an indicator of overall construction activity. As measured by total permit valuation, construction activity in the City continued to grow during the first eight months of Fiscal Year 2000, with the valuation total up 22.3% over the same period in Fiscal Year 1999.

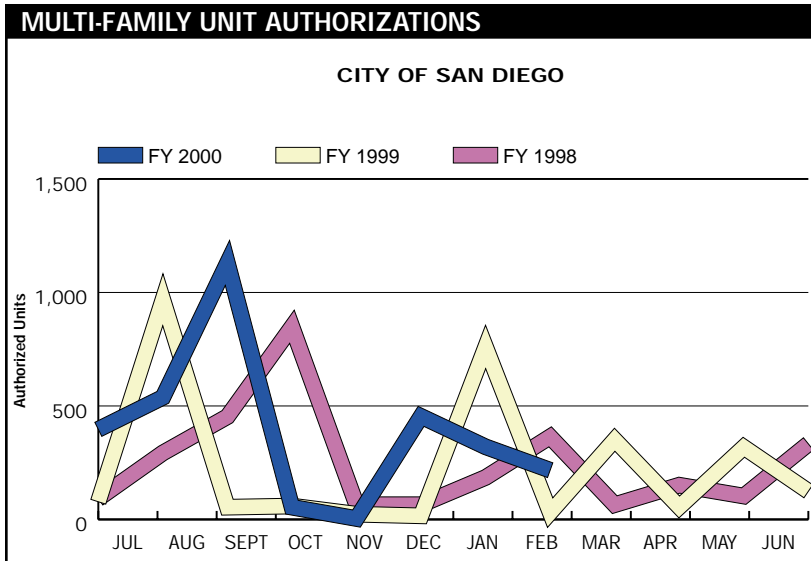


New residential construction is an indicator of trends in both the construction industry and in the overall economy. After recording very strong growth of 38.0% during Fiscal Year 1998, the volume of new single family units authorized was down 13.9% in Fiscal Year 1999, and down 23.6% through the first eight months of Fiscal Year 2000. Despite the decline in single family unit authorizations, total dwelling units (single family and multi-family units) authorized were up 21.8%, due to strong growth in multi-family unit authorizations.

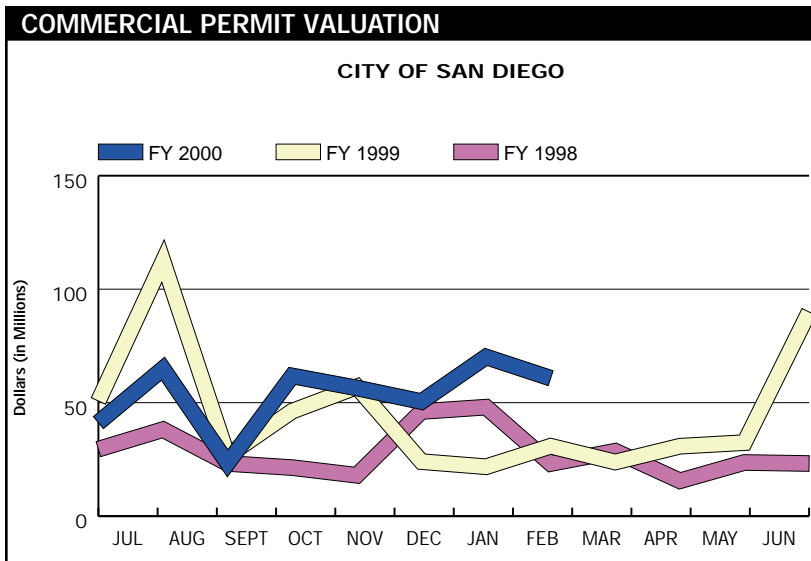


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Economic Indicators



The volume of new multi-family units authorized is the other major indicator of residential activity. In response to low vacancy rates and increasing rental rates, new multi-family unit construction has been trending sharply upward in Fiscal Year 2000, with total units authorized up 56.6% through February 2000.



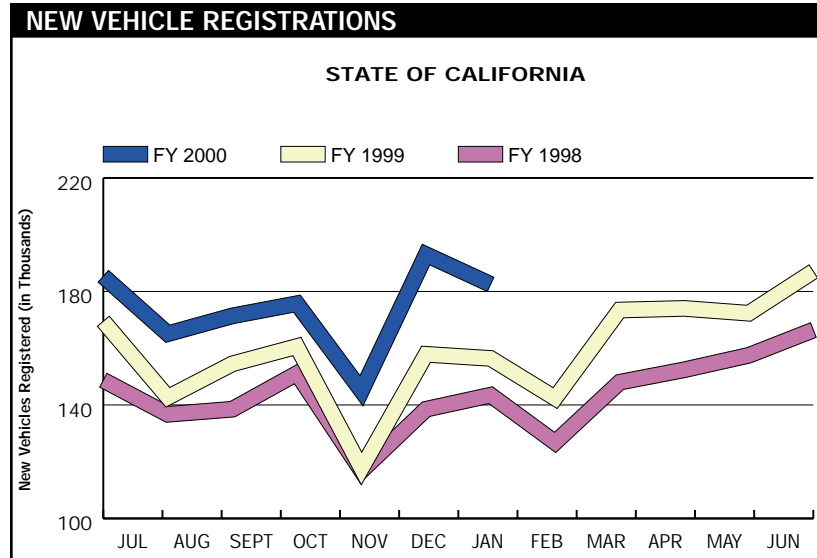
The valuation of permits for commercial construction, which includes buildings for retail, office or industrial purposes, is a key indicator of present and future economic conditions. After recording very strong growth of 61.4% in Fiscal Year 1999, commercial construction registered strong gains in Fiscal Year 2000, with the valuation of permits for new commercial construction, up 16.1% through the first eight months of Fiscal Year 2000.

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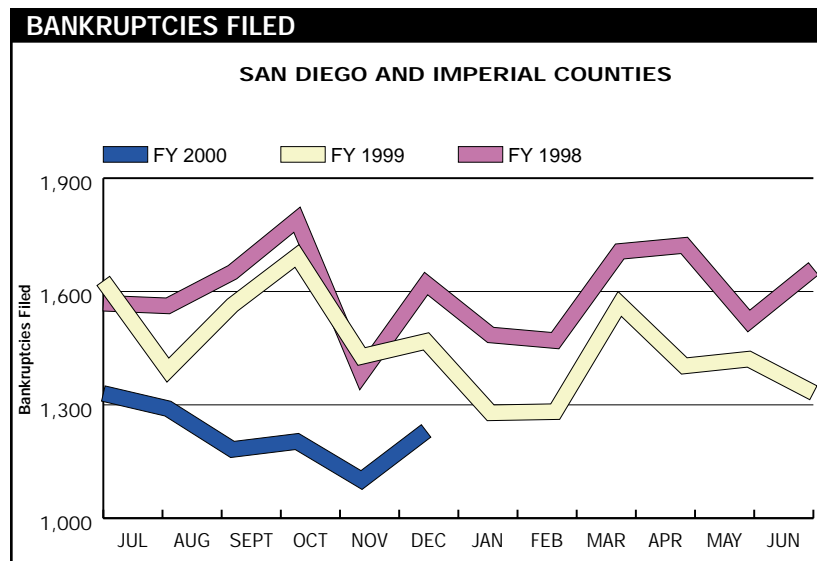
Economic Indicators

Other Indicators

The statewide total of new vehicle registrations is one of the factors determining the amount of Motor Vehicle License Fees (MVLFF), a major source of General Fund revenues. Reflecting the robust California economy, new vehicle registrations were up a very strong 15.0% through the first seven months of Fiscal Year 2000.

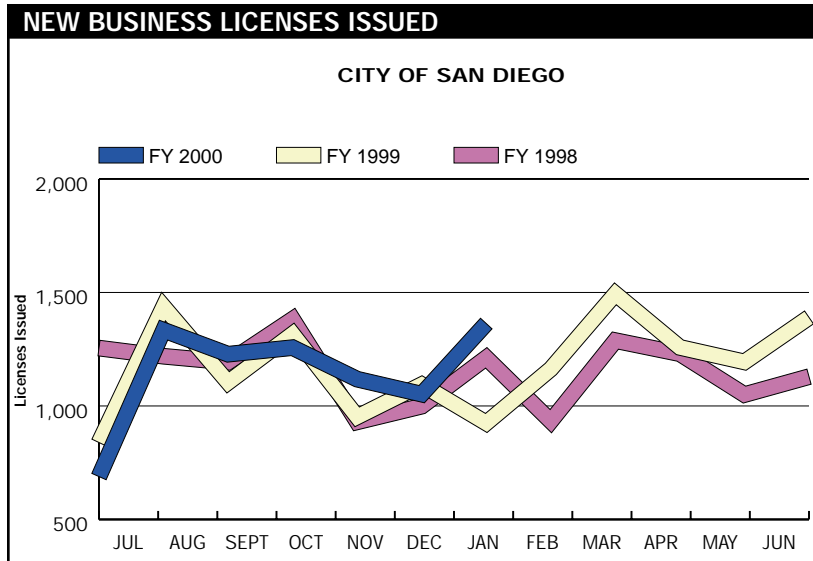


Bankruptcy filings are another measure of economic well being. After trending higher for several years, bankruptcy filings stabilized in Fiscal Year 1998 before trending down 8.8% during Fiscal Year 1999. The downward trend continued into Fiscal Year 2000, with filings for the first half of the fiscal year down by 20.0%.



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Economic Indicators



The number of new business licenses issued is an indicator of general business activity. During Fiscal Year 1999, new business licenses issued were up 2.5% over Fiscal Year 1998. Through the first seven months of Fiscal Year 2000, new licenses issued were up 4.9% over the same period in Fiscal Year 1999.

